

RESEARCH AID

NEW DATA AND PROSPECTS  
FOR RUMANIAN FOREIGN TRADE



CIA/RR RA-36

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CENTRAL INTELLIGENCE AGENCY

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NEW DATA AND PROSPECTS  
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Summary and Conclusions

Rumania not only achieved a favorable balance in its foreign trade in 1957 -- the first such balance since 1948 -- but also brought the total value of its trade up to \$700 million. The improvement in foreign trade conditions began in 1956 when imports and exports were balanced.\*\* Before that time, during the years 1949-55, Rumanian trade was characterized by import balances which reached a cumulative total of \$329 million. These deficits probably were financed by the USSR through short-term credits which became de facto long-term credits.

The foreign trade of Rumania is oriented toward the Sino-Soviet Bloc. About half of total Rumanian trade has been with the USSR, and from 73 to 84 percent of total trade has been with Bloc countries. In its trade with other countries, Rumania deals predominantly with Western Europe. Recently, Premier Stoica announced that Rumania was ready to place orders for Western industrial equipment totaling \$100 million, indicating that there are prospects for an expansion of trade in general and with Western nations in particular.

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I. Introduction.

This research aid presents statistical data, which are now available for the first time; on the foreign trade of Rumania in recent years, but a complete picture of Rumanian trade is still unobtainable because of the secrecy which has prevailed in this field. The information contained in this research aid does represent, however, the first clarification of many aspects of Rumanian foreign trade and provides the basis from which future research will be able to progress.

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\* The estimates and conclusions contained in this research aid represent the best judgment of ORR as of 15 June 1958.

\*\* This research aid has been based on Rumanian sources and differs from the UN's Economic Survey of Europe in 1957, which has not used all of these sources. See Appendix B.

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The data are presented in such fashion as to point up the recent change in the balance of trade of Rumania and the possibility of an expansion of Rumanian trade with Western Europe as a result of aid received from the USSR.

II. Change in the Balance of Trade.

The foreign trade of Rumania, characterized during 1949-55 by problems of net import surpluses totaling \$329 million (see Tables 5 through 10, Appendix A\*) was at last balanced in 1956, and, according to Premier Stoica, an export surplus was achieved in 1957.\*\* Data for the first 10 months of 1957 indicate that foreign trade turnover has now reached an annual rate of almost \$700 million, twice the 1949 level, and that the share of the Sino-Soviet Bloc countries in this trade continues high, currently accounting for 76 percent of the total, or about \$530 million. 2/ The value of Rumanian trade with the West in 1957 probably came to about \$170 million, an increase of one-sixth above 1956 and the highest point in the postwar period. Table 1\*\*\* presents the value of Rumanian trade with Bloc and non-Bloc countries in 1948-57, and Table 5\*\*\*\* presents the value of total Rumanian imports and exports.

The actual means used to finance the import surpluses of the years 1949-55 is not known at present, but it is believed that the USSR each year provided short-term credits sufficient to match the debit balance in the current account and that some of these became de facto long-term loans. This possibility is strengthened by the fact that in an agreement of November 1956 with the USSR a 4-year moratorium was declared on "earlier debts," although just what debts these were has not been disclosed.

III. Soviet Aid and Resulting Possibilities for Western Trade.

The change in the foreign trade position of Rumania after 1956 can be related to the Soviet assistance program which began late in 1956.

\* P. 7, below.

\*\* Premier Stoica on 25 February 1958, in the first interview granted to a US newspaper, made the statement that Rumania now has a favorable balance of payments and is prepared to place orders in the US for industrial equipment worth \$100 million. 1/ (For serially numbered source references, see Appendix D.) This amount may be a gross exaggeration; it is surely not 1 year's purchases, for he pointed out that some of the desired equipment would take 2 years to build. Whatever the amount may be, it is probable that he had in mind initial purchases with the earnings from 1957 trade and later purchases as a result of continued favorable balances of trade at least through 1959.

\*\*\* Table 1 follows on p. 3.

\*\*\*\* P. 7, below.

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Table 1

Value of Rumanian Trade with Bloc and Non-Bloc Countries  
1948-57

Million Current US \$		
<u>Year</u>	<u>Bloc <sup>a/</sup></u>	<u>Non-Bloc</u>
1948	177	65
1949	284	58
1950	324	81
1951	399	76
1952	473	90
1953	550	105
1954	502	118
1955	554	139
1956	516	146
1957 <sup>b/</sup>	530	170

a. Rumania includes Yugoslavia in the Bloc. Inasmuch as trade with Yugoslavia (in Rumanian sources) is available only for the years 1948 and 1956 (see Table 3, p. 5, below), it has not been possible to transfer this trade to the non-Bloc column.

b. Based on the first 10 months.

Unfavorable crop conditions in 1956 made it necessary to obtain credit from the USSR for 1957 deliveries of wheat and fodder worth about \$35 million, the payment for which does not have to be made until 1959-61. An industrial credit of \$67.5 million obtained at the same time for development of the oil and chemical industries carries a 10-year repayment proviso. Repayment of "earlier debts" was suspended for 4 years, and the Rumanian debt on Soviet-Rumanian account totaling 4.3 billion lei was canceled.\*

Instead of having to export to the USSR on these accounts, Rumania may be able to contract sales of its goods for Western currency and thus be in position to expand its Western imports generally. It is probable, despite Stoica's statement, that very large purchases of industrial equipment would be placed with Western Europe rather than with the

\* When these joint Soviet-Rumanian enterprises were turned over to Rumania in 1954, the amount to be paid the USSR was set at 4.8 billion lei. It is believed that Rumania met the 1955 payment of about 10 per cent. At the official rate of exchange, 6 lei to US \$1, payments of \$80 million a year would have been required to 1965. 3/

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US.\* Table 2, showing the value of Rumania's trade with Western areas in 1948, 1953, and 1956 reveals that only Western European trade has been of consequence. Trade with the US has been extremely small in recent years.

Table 2

Value of Rumanian Trade with Non-Bloc Areas  
1948, 1953, and 1956

Million Current US \$			
Area	1948	1953 <sup>a/</sup>	1956 <sup>a/</sup>
Western Europe	31	91	108
Asia and Africa	11	10	32
North and South America	23	3	4
Australia	0	0	1
Total	<u>65</u>	<u>105</u>	<u>146</u>

a. Totals are derived from published Rumanian data and do not agree with the sum of their rounded components.

Rumania has often criticized the West for not buying Rumanian industrial equipment but has recently concentrated on the more likely prospect of expanding sales of this equipment to the underdeveloped countries where the quality would be more acceptable than in the industrialized Western nations. Trade with non-Bloc nations of Asia and Africa has tripled since 1953, Egypt accounting for the largest share of the total. As may be seen by consulting Table 2 and Table 3,\*\* trade with the underdeveloped non-Bloc nations of Asia and Africa now stands at the same level as trade with Communist Asian countries.

#### IV. Orientation of Trade Toward the Soviet Bloc.

In the years since 1948, 73 to 84 percent of Rumanian trade has been conducted with Bloc countries. Table 3\*\* gives the new data available on the value of trade with individual Bloc countries in 1948 and 1956. As in the case of the Satellites in general, the USSR occupies the foremost position as a trading partner.

\* Purchases in the US probably would be in the petrochemical, chemical, and oil equipment fields.

\*\* Table 3 follows on p. 5.

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Table 3

Value of Rumanian Trade with Individual Countries  
of the Sino-Soviet Bloc a/  
1948 and 1956

Million Current US \$		
Country	1948	1956
Albania	Negligible	2
Bulgaria	4	17
Czechoslovakia	44	44
East Germany	0	50
Hungary	7	22
Poland	11	28
USSR	105	315
Yugoslavia	6	7
Communist China	0	28
North Korea	0	3
North Vietnam	0	2
Total	<u>177</u>	<u>516 b/</u>

a. Additional derived data based on the same source: Albania, 1953, \$2 million; East Germany, 1950, \$4 million, 1951, \$17 million; Communist China, 1951, some trade but negligible, 1953, \$8 million, 1956 imports, \$11 million, and 1956 exports, \$17 million; and North Korea, 1954, \$1 million.

b. Totals are derived from published Rumanian data and do not agree with the sum of their rounded components.

In 1956, about one-half of Rumania's total trade was accounted for by the USSR. During that year, Rumania imported from the USSR 63 percent of the total value of its imports of steel and rolled products, 81 percent of its nonferrous metal imports, 85 percent of its iron ore imports, 57 percent of its coke imports, and 69 percent of its raw cotton imports. In certain commodity fields, Rumania exported to the USSR in 1956 the largest share of its total exports: petroleum products, 63 percent of total value; building materials, 47 percent; machinery and equipment, 37 percent; and agricultural and food products, 25 percent. According to Deputy Minister of Trade Radulescu, during the period 1950-56 the USSR delivered to Rumania 2.1 million tons of coke, 2.8 million tons of iron ore, 1.6 million tons of rolled products, 70,000 tons of nonferrous metal, and 219,000 tons of raw cotton. 4/

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The Bloc countries supply a large share of Rumanian imports of steel and rolled products (87 percent in 1956). In a recent article, Minister of Heavy Industry Popa 5/ explained the reason for large imports of these products, pointing out that, whereas the output of the machine building industry increased 3.69 times from 1950 to 1956, the metallurgical industry failed to keep pace. Compared with an increase in production of about 257 percent in the machine building industry in the period 1951-56, there has been an increase in steel production of only 41 percent\* and in rolled steel products of 30 percent.\* The result, according to Popa, is that Rumania has had to import an increasingly greater part of its requirements for steel and rolled products.

Table 4 presents the value of Rumanian imports by category in 1948, 1953, and 1956. Imports of machinery and equipment since 1953 have declined and have come almost entirely from Bloc countries. In 1955, 95 percent of this category of imports was purchased in the Bloc and in 1956, 93 percent. 6/ The total value of such imports in 1956 was \$68 million, far below the level of 1953 when machinery and equipment valued at \$153 million were imported. Hence Stoica's offer to buy US industrial equipment worth \$100 million, although probably exaggerated as to amount, at least indicates both a need to increase the level of such imports and a particular desire for Western equipment.

Table 4

Value of Rumanian Imports of Major Commodity Groups  
1948, 1953, and 1956

Commodity Group	Million Current US \$		
	1948	1953	1956
Machinery and equipment, transportation equipment, and tools	29	153	68
Raw materials, semifinished goods, production materials, and fuels	74	193	226
Foodstuffs, including raw materials and livestock	6	10	23
Industrial consumer goods	9	12	14
Total	<u>118</u>	<u>368</u>	<u>331</u>

\* On a compounded basis the average annual increase would be 5.8 percent in steel production and 4.4 percent in rolled steel products.

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APPENDIX A

STATISTICAL TABLES

Table 5

Value of Rumanian Commodity Trade  
1948-57

Million Current US \$			
<u>Year</u>	<u>Imports</u>	<u>Exports</u>	<u>Turnover</u>
1948	118	124	242
1949	182	160	342
1950	230	175	405
1951	258	217	475
1952	313	250	563
1953	368	287	655
1954	324	296	620
1955	366	327	693
1956	331	331	662
1957	N.A.	N.A.	700

Table 6

Indexes of Growth in Value of Rumanian Commodity Trade  
1948-57

1948 = 100			
<u>Year</u>	<u>Imports</u>	<u>Exports</u>	<u>Turnover</u>
1948	100	100	100
1949	154	129	141
1950	195	141	167
1951	219	175	196
1952	265	202	233
1953	312	231	271
1954	275	239	256
1955	310	264	286
1956	280	267	274
1957	N.A.	N.A.	289

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Table 7

Value of Rumanian Exports of Major Commodity Groups  
1948, 1953, and 1956

Commodity Group	Million Current US \$		
	1948 <sup>a/</sup>	1953	1956
Machinery and equipment, transportation equipment, and tools	1	24	33
Raw materials, semifinished goods, production materials, and fuels	62	203	207
Foodstuffs, including raw materials and livestock	60	48	79
Industrial consumer goods	Negligible	12	12
Total	<u>124</u>	<u>287</u>	<u>331</u>

a. Totals are derived from published Rumanian data and do not agree with the sum of their rounded components.

Table 8

Rumanian Exports of Major Commodity Groups  
1948, 1953, and 1956

Commodity Group	Percent of Total		
	1948	1953	1956
Machinery and equipment, transportation equipment, and tools	0.8	8.3	10.1
Raw materials, semifinished goods, production materials, and fuels	50.3	70.8	62.6
Foodstuffs, including raw materials and livestock	48.7	16.7	23.8
Industrial consumer goods	0.2	4.2	3.5
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

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Table 9

Rumanian Imports of Major Commodity Groups  
1948, 1953, and 1956

Commodity Group	Percent of Total		
	1948	1953	1956
Machinery and equipment, transportation equipment, and tools	24.5	41.6	20.5
Raw materials, semifinished goods, production materials, and fuels	63.1	52.4	68.2
Foodstuffs, including raw materials and livestock	4.8	2.7	6.9
Industrial consumer goods	7.6	3.3	4.4
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Table 10

Rumanian Trade with Non-Bloc Areas  
1948, 1953, and 1956

Non-Bloc Area	Percent of Total Non-Bloc Trade		
	1948	1953	1956
Western Europe	47.0	87.0	74.0
Asia and Africa	17.0	10.0	22.0
North and South America	36.0	3.0	3.0
Australia and Oceania	0	0	1.0
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

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APPENDIX B

METHODOLOGY

The data presented in this research aid have been developed by the use of articles in Probleme Economice, December 1957 (CIA, FDD Summary no 1677, 12 February 1958, OFFICIAL USE ONLY), in conjunction with three earlier publications. For the complete derivation of those details not obvious in this research aid, see CIA, FDD U-4338, 13 August 1953, RESTRICTED, and the Rumanian publications Evolutia Economiei Romanesti (1 April 1948) and La Roumanie Nouvelle (15 February 1957).

Statistics on the foreign trade of any nation, of course, undergo constant revision. The articles in Probleme Economice state that data on the foreign trade of Rumania in the postwar period have not yet been made definitive. Subject to this qualification, the data in the source listed in Appendix D are considered to be probably true.

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APPENDIX C

GAPS IN INTELLIGENCE

The most significant gap in intelligence in respect to Rumanian foreign trade is the way in which Rumanian import balances totaling more then \$300 million have been financed during the years 1949-56.

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APPENDIX D

SOURCE REFERENCES

All the information presented in this research aid is available in unclassified sources.

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

All sources used in this research aid are evaluated RR 2.

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STATSPEC

1. New York Times, 27 Feb 58, p. 2. U.
2. CIA. FDD Summary no 1685, 19 Feb 58. OFF USE.
3. [REDACTED]
4. CIA. FDD Summary no 1677, 12 Feb 58, p. 49. OFF USE.
5. Ibid., p. 51. OFF USE.
6. Ibid., p. 52. OFF USE.

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